



Recommended Use of Reserves Established for Fiscal Year 2023



Laura Farmer

February 21, 2023

Recommended Use of Budgetary Reserves

- ❑ **Reserves established for FY 2023 for the potential impact of fuel costs on paving contracts and VDOT operations**
 - ❑ **Totaled \$198.9 million for VDOT and established share for localities**
- ❑ **Review of paving commitments and contractual adjustments for fuel and asphalt for 2022 paving season complete for VDOT**
 - ❑ **Recommend release of \$90.3 million from reserve**
- ❑ **Review of cost of fuel for VDOT operations**
 - ❑ **Recommend release of \$6.5 million from reserve**
- ❑ **These amounts represent 61.1% of the established reserves for VDOT. Corresponding release recommended for localities**

Program Reserves

Cost Driver/Program Area	FY 2023 Reserve	Recommended Release
VDOT Maintenance Program - Fuel for Operations	\$24,000,000	\$6,500,000
VDOT Maintenance Program - Fuel and asphalt adjustments for Maintenance Paving Contracts	134,599,300	90,355,943
Financial Assistance to Localities – Proportional share of VDOT recommendation (23.1% of maintenance funding provided)	40,335,700	24,639,971
TOTAL	\$198,955,000	\$121,475,914

FY 2023 - Update

Urban and County Street Maintenance Payments



Russ Dudley

February 21, 2023

Highway Maintenance and Operations Fund (HMOF) and Fuel Reserves Additional Payments FY2023

Fuel Reserves for VDOT and Financial Assistance for Localities:

Evaluation of need made in December (after impacts of paving season)

Recommendation to release \$24.6 million for all localities (Corresponds to release of 61.1% of VDOT reserves); \$20,923,190 to Cities/Towns; \$3,716,781 to Arlington & Henrico

Urban Payments to Cities and Certain Towns and Certain Counties for Street Maintenance

Board approved FY2023 Payments in June 2022

Budget of \$432,293,440.99 to 85 Cities and Urban Towns (Urban System)

Budget of \$74,891,566 to Arlington and Henrico

Appropriations Act:

Budget Bill provided for increase of \$15M in FY 2023 for Urban System, but Bill approval was too late for initial CTB approval (June 2022)

VDOT to provide additional payments to Cities/Towns, Arlington/Henrico in final two quarters of FY23

Urban Maintenance Program Street Maintenance Payments

Eligibility Requirements for Maintenance Payments:

Urban street acceptance criteria established in Code Section 33.2-319

CTB approves mileage additions/ deletions

Arterial Routes Inspected annually

Payment - General

Payments based on moving lane miles (available to peak-hour traffic)

CTB approves payment amounts to localities

Localities annual growth rate is based upon the base rate of growth for VDOT's maintenance program

Equal Payments to localities made quarterly

Payment Categories – Based on Functional Classifications

Principal and Minor Arterial Roads

Collector Roads and Local Streets

County (Arlington/ Henrico) Street Maintenance Payments

- **Eligibility Requirements**

Established by Code Section: 33.2-366

These counties maintain their own systems of local roads

Annual submission of additions/ deletions provided by county

Annual arterial inspection not required by Code

- **Payment - General**

No differential in payment rates based on Functional Classifications

CTB approves payment amounts to localities

Annual growth rate is based upon the base rate of growth for VDOT's Maintenance Program

Payments to localities made quarterly

Additional Quarterly Payments - FYI

Overweight Permit Fees – Distributed equally across Urban System and Arlington/Henrico Counties based on lane mileage

\$1 Million (\$250,000 quarterly) to City of Chesapeake for additional maintenance costs of Moveable Bridges; Payments began in 2005

\$1 Million Virginia Port Authority Payment compensating Localities with Tax-exempt Real-estate (Newport News, Portsmouth, Norfolk, Warren County)

NOT IMPACTED BY TODAY'S ACTION

Updated FY2023 Urban System/Counties Payments

- **Original FY 2023 Payment Rates:**
 - Urban System Principal and Minor Arterial Roads ≈ \$24,012 per lane mile
 - Urban System Collector Roads and Local Streets ≈ \$14,098 per lane mile
 - Arlington ≈ \$20,499 per lane mile
 - Henrico ≈ \$14,916 per lane mile
- **New Payment Rates for Quarter 3 and 4**
 - Principal and Minor Arterial Roads ≈ \$28,012 per lane mile
 - Collector Roads and Local Streets ≈ \$16,447 per lane mile
 - Arlington ≈ \$21,517 per lane mile
 - Henrico ≈ \$15,657 per lane mile

Updated FY2023 Urban System/Counties Payments

Next Step: Approval of Resolutions for Revised Maintenance Payments in Quarters 3 and 4, FY 2023